



STRATEGIC ENERGY RESOURCES LIMITED

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13 April 2011

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Quarterly Report to 31 March 2011

HIGHLIGHTS FOR THE QUARTER:

- **Uley drilling program completed**
- **Due Diligence on Uley Joint Venture progressing well**
- **Graphite prices remain strong prompting continuing enquiries regarding off-take from Uley**
- **Myall Creek drilling program undertaken**

Strategic Energy Resources Limited (ASX Code: SER) holds a number of interests in oil and mineral exploration assets and the Uley graphite mine at Port Lincoln, South Australia (presently under care and maintenance). These include significant interests in three offshore petroleum exploration permits in the Gippsland Basin, Victoria, and an interest in the JV assets of one onshore petroleum exploration block in the Cooper Basin, South Australia. It holds mineral exploration licences in South Australia, Western Australia and Victoria.

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1. MINERAL EXPLORATION

1.1 ULEY GRAPHITE MINE (SER 100%) PORT LINCOLN, SA

Uley Graphite Project

Located only 23 kilometres from Port Lincoln, the regional centre for the Lower Eyre Peninsula in South Australia, Uley is recognised as a substantive and significant area of graphite mineralisation. The graphite deposit is one of the largest coarse flake graphite deposits in the world, containing disseminated, high-grade flake graphite.

The mineralisation is near surface and the graphite produced from the former operation was accepted by traders for its high quality.

Joint Venture Agreement

As announced on 17 December SER has signed a non-binding, non-exclusive term sheet with a North American minerals group for the development of the Uley graphite project.

Since that time both groups have been undertaking due diligence. The Christmas period created delays in delivering samples and, as a consequence, there has been some delay in the laboratory analysis by the North American group on the graphite and core samples.

As part of the due diligence process two directors have visited the North American group. The trip was successful with important information gained on processing graphite and using Uley graphite for battery grade material and other high value uses.

It is anticipated that the signing of the definitive joint venture agreement will occur post the results of the JORC upgrade for the Uley Main Road Project, and the successful completion of the due diligence process and engineering studies and tests.

Main Road Deposit JORC Update

Drilling of approximately 1200 metres was completed in late January at the Main Road deposit. The purpose of the drilling was to confirm the shape of the deposit and upgrade the resource.

The results which have been delayed by the laboratories are expected shortly, will be rapidly incorporated into a revised JORC resource statement.

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Uley Main Road core sample close up



Main Road core samples at Uley

Status of other proposals

SER continues to review other proposals for the development of the Uley Graphite Project.

A recent proposal from a Chinese group, while better than a number of others, was declined by the board as it did not deliver superior value compared to the North American proposition.

Other proposals being received are generally from commodity houses seeking off-take agreements. These types of offers are very encouraging for the development of the Uley project and do show that there is potential for further possibilities.

Other indications of support from investment banks are being received. However, the board is targeting the engineering, processing and marketing skills required to make this project a success.

Market update

Prices for graphite continue to escalate to potentially new peaks, creating a very favourable market outlook for the Uley Graphite Project.

The increasing global demand for graphite shows no signs of easing. Reports by Industrials Minerals (February 2011) are suggesting that price levels for a range of grades are expected to exceed the peaks of 2008.

Impacts to the price have been caused by demand, constrained supply from China due in part to winter mine closures and the now stricter export controls and taxes. Both issues are making the export of graphite increasingly difficult for suppliers.

Current Pricing

The below table highlights the March 2011 pricing for the flake graphite:

Grade	94 – 97 % C	90 % C
Large (+80 mesh)	\$2,000 – \$2,500	n/a
Medium (+100 -80 mesh)	\$1,800 – \$2,300	n/a
Fine (-100 mesh)	\$1,750 – \$2,150	\$1,400 – \$1,800

All prices in USD/t, CIF European port

1.2 MYALL CREEK (SER 50%) EL 3538 SOUTH AUSTRALIA

The Myall Creek Copper Project (EL3538) covers an area of 381 km² and is located on the southern Stuart Shelf between Whyalla and Port Augusta, a highly prospective part of the eastern margin of the Gawler Craton. SER holds a 50% interest in the licence. The license area is immediately west of the Torrens Hinge Zone and close to the sites of the Hiltaba granites. Copper and base metal mineralisation has been

delineated over a wide area and in a range of the Proterozoic host rocks in this region.

The exploration programme was focused on a prospect named Honeymoon Dam. The Honeymoon Dam Prospect is 2.5km south of the known Myall Creek mineralisation zone. Depths to the mineralisation zones in the area are in the range of 50-150m.

Two holes were completed after hitting basement rocks, with mineralisation evident in the holes. The third and final hole encountered a number of difficulties and ceased at 105.2 meters, some 10 meters short of the interpreted mineralised zone. The hole was called to a halt due to poor weather conditions. Further drilling will depend on weather and rig availability. The core for all three holes will be submitted together for assay and analysis. This means it will be sometime before results are available. As soon as the rig resumes operations an announcement will be made on the ASX.



Drilling operations in action at Myall Creek

1.3 CULTANA (SER 75%) EL 3547 SOUTH AUSTRALIA

The Cultana Lease EL3547 covers an area of 792 km² within the Cultana Army Training Area south of Port Augusta in South Australia. Access to the Army Base has only been approved for mineral exploration on three prior occasions. Ten holes were drilled in the licence area, and none of them penetrated crystalline basement. The Cultana Inlier is considered to be one of the best remaining blocks to explore for IOCG (iron oxide, copper, gold) mineralisation in South Australia. SER holds a 75% interest in the licence.

The project still requires the standard regulatory approvals from PIRSA and more importantly, access permission from both the Department of Defence and Department of Finance prior to any exploration program. There are also Cultural Heritage issues that require consultation and clearance from indigenous groups. The approval process is currently being worked through.

SER believes access permission should be granted for drilling, subject to all approvals.

1.4 FALCON BRIDGE (SER 95% diluting) E38/1970, P38/3382, P38-3383-4 WESTERN AUSTRALIA

In late 2009, Ishine International Resources Ltd (“ISH”) entered into a Joint Venture Agreement allowing Ishine to earn up to a 70% interest from SER in the tenements by funding up to \$3 million on exploration expenditure. The Joint Venture area covers approximately 17km of strike of ultramafic rich stratigraphy in the Duketon Greenstone Belt coincident with linear magnetic anomalism.

During 2010 Ishine completed two rounds of drilling at the Falcon Bridge Nickel Project, 80km north of Laverton in the highly prospective Duketon Greenstone Belt. Initially 72 Aircore holes were drilled for 3,446m across six east-west traverses which resulted in the encouraging nickel and copper assays tabulated below.

During late 2010 a short 8-hole reverse circulation (RC) drilling program was carried out to test some of these anomalies beneath the base of weathering and/or intersect the basal contact position of the ultramafic unit. A total of 1,199m were drilled with most holes reaching target depth.

Results were generally consistent with the first program of drilling with elevated nickel within the upper, weathered portion of the holes drilled. Results included:

- FBRC001 57m @0.43% Ni & 71ppm Cu from 30m
- FBRC00 45m @ 0.52% Ni & 87ppm Cu from 39m

Beneath the base of weathering the ultramafic host is a high MgO (~39%) cumulate textured rock which is more indicative of an intrusive Type 2 or hybrid origin, as opposed to a Kambalda Style Komatiite. Subsequently ISH are reviewing all available data from the previous year’s exploration programs and are making preparations for the coming year at the project.

Drilling details are tabulated below:

Hole_ID	Easting	Northing	RL	Dip	Azimuth	Depth
FBRC001	442965	6914300	500	-60	90	117
FBRC002	443025	6914600	500	-60	90	166
FBRC003	442950	6914800	500	-60	90	150
FBRC004	442650	6914800	500	-60	290	150
FBRC005	442650	6915200	500	-90	0	160
FBRC006	442970	6915200	500		90	168
FBRC007	443040	6915500	500	-60	90	174
FBRC009	443015	6914300	500	-60	90	114

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Discussions with Ishine have indicated that they will be proceeding into Year 2 of the earning phase of the Joint Venture arrangements. For Ishine to earn a 50% interest in the project, they must spend a further \$1,000,000 on exploration during this current year, otherwise the project will revert back to SER.

2. OIL AND GAS EXPLORATION

2.1 PEL-182 - (SER 37.6%)

ONSHORE PETROLEUM EXPLORATION – COOPER BASIN, SA

As first reported in our Quarterly Report to June 30, 2009, we have a dispute with a joint venture participant, Australian Oil Company No.2 Pty Ltd, with respect to its compliance with the terms of its farm-in agreement with our Company, and we are in discussions with Australian Oil Company No.2 Pty Ltd to resolve the outstanding issues. As Australian Oil Company Limited has announced, both parties are in discussions about SER retaining a 5% interest in PEL182. However, we are hopeful the arrangements will be concluded shortly.

2.2 VIC/P47 – (SER 25%)

OFFSHORE GIPPSLAND BASIN

The Vic/P47 exploration permit is located in the offshore Gippsland Basin, 14 km from the coast and south of the Victorian town of Orbost, with water depths ranging up to 80m.

Vic/P47 contains the Judith and Moby gas discoveries. Judith contains certified gas resources (Gaffney Cline & Associates 2008) and both Judith and Moby are in close proximity to existing and planned infrastructure in adjacent licences. 22 km to the west, the Longtom Field has commenced gas production – the first production from the same geological unit as the Judith discovery.

A short distance to the south of the Judith field, ExxonMobil is currently drilling Kipper field development wells with a target of first production of gas and liquids in 2011.

2.3 VIC/P41 – (SER 25% possibly diluting to 17.5%)

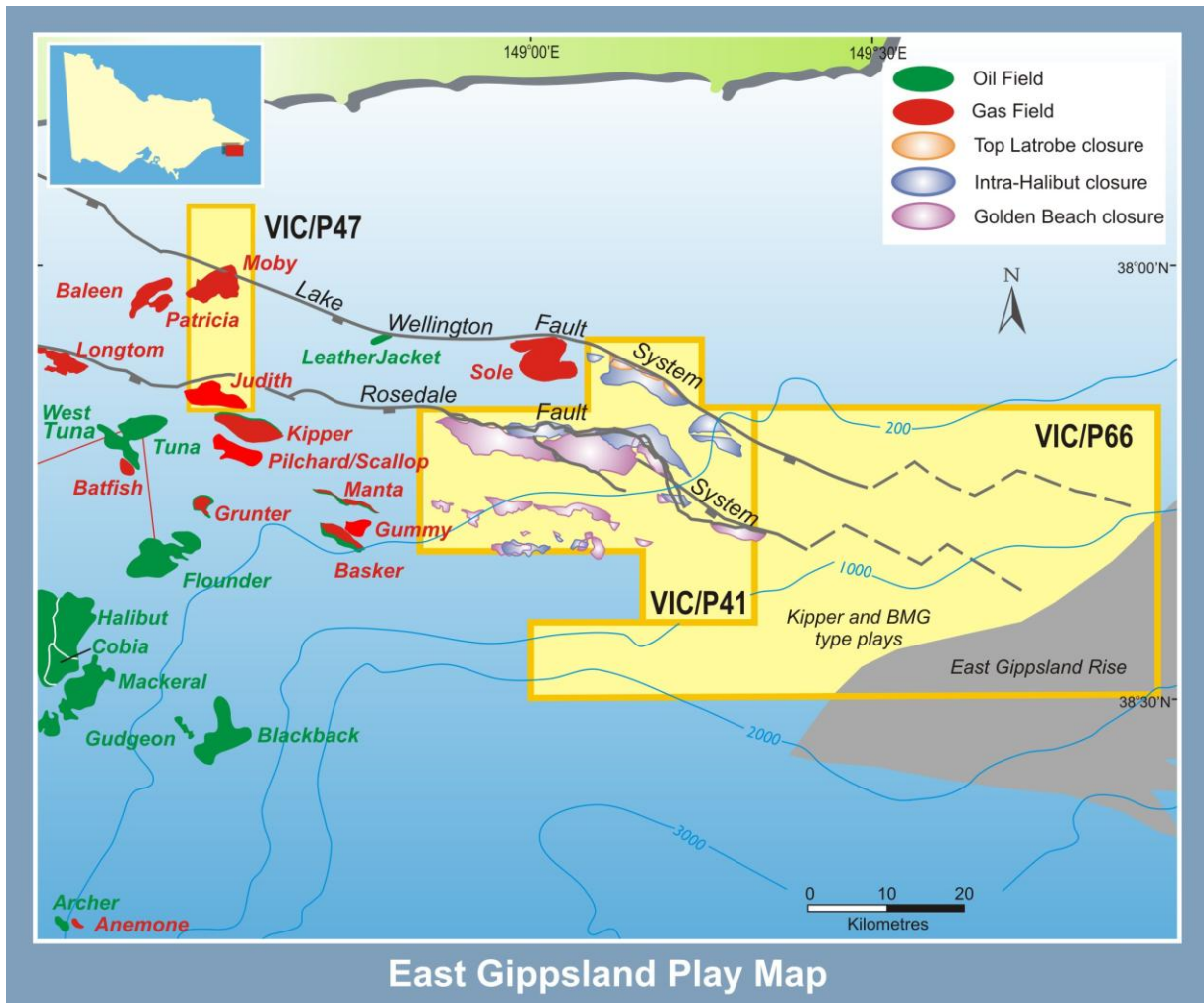
VIC/P66 – (SER 23%)

EASTERN OFFSHORE GIPPSLAND BASIN

Permits Vic/P41 and Vic/P66 are located adjacent to each other in the east of the offshore Gippsland Basin, from approximately 40 km south of the Victorian coast. The operator maps extensions of two productive trends across its East Gippsland permits:

- the eastward extension Rosedale Fault system sets up prospects analogous to the Kipper oil and gas field (development drilling underway ahead of first production scheduled for 2011)
- further south, a second trend extension is analogous to the Basker / Manta / Gummy oil and gas fields (in production since December 2006 for Roc Oil and partners).

Vic/P41 contains a number of large prospects defined on modern 3D seismic, notably Kipling, Benchley and Oscar, whereas Vic/P66 while containing an part of the 2D-defined 'Lead A' feature, is still at an early stage of exploration with clear potential to further extend the Rosedale trend in to new areas.



The recent ExxonMobil/BHP Billiton discovery at SE Remora-1 provides new impetus to exploration of these trends and the nearby investment in the Kipper development is directly relevant to the Kipling and Benchley prospects in Vic/P41.

To further define and 'de-risk' these opportunities two new technical studies were initiated and have shown promising results. The seismic inversion project (Vic/P41) has analysed both 2D and 3D seismic over Rosedale trend prospects and leads (i.e. Kipper analogues) for indications of hydrocarbon anomalies and other factors. A basin modelling project (jointly funded by Vic/P41 and Vic/P66) is aimed at defining the nature of hydrocarbon charge in to the east Gippsland area. (i.e. oil vs gas) as well as the timing and migration pathways of this charge.

The VIC/P41 2010 Seismic Inversion Project has been very successful. The work has shown that:

- there are valid seismic inversion anomalies over the Kipling and Benchley prospects together with Lead A

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- the anomalies over Kipling and Benchley conform to structure at the Golden Beach reservoir level and the 2D lines over Lead A have anomalies in the areas where structure is mapped at the Golden Beach reservoir level
- there is a high probability that the anomalies at these Vic/P41 prospects relate to hydrocarbon bearing sandstones. Given this analysis, there is a clear reduction in the risk associated with drilling Benchley, Kipling and Lead A.

A revised farmout process is now being initiated by the operator using this dataset as evidence for a positive new analysis.



Mark Muzzin
Managing Director

The Myall Creek information is based on information compiled by SER's chief geological consultant, Dr Wenlong Zang. Dr Zang is engaged by SER and is a qualified person as defined under the ASX Listing Rules and has consented in writing to the inclusion of the information.

The Falcon Bridge technical information in this report that relates to Exploration Results is based on information reviewed by Mr Martin Dormer who is a member of The Australasian Institute of Mining and Metallurgy. Mr Martin Downer is a Chief Geologist of Ishine International Resources Ltd. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Martin Dormer consents to the inclusion in this report of the matters based on his information in the form and consent in which it appears.

The Uley graphite information in this report that relates to Resources and Exploration Results is based on information compiled by Albert Thamm who is a Fellow of the Australasian Institute of Mining and Metallurgy. Albert Thamm, who is an employee of Coffey Mining, has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves. He has consented to the inclusion in the report of these matters based on his information in the form and context in which it appears, on 21 January, 2010 in West Perth, Western Australia.

Risk Factors

Various statements in this release constitute statements relating to intentions, future acts and events. Such statements are generally classified as forward looking statements and involve known and unknown risks, expectations, uncertainties and other important factors that could cause those future acts, events and circumstances to differ from the way or manner in which they are expressly or impliedly portrayed herein.

Furthermore, exploration for oil, gas and minerals is speculative, expensive and subject to a wide range of risks. Individual investors should consider these matters in light of their personal circumstances (including financial and taxation affairs) and seek professional advice from their accountant, lawyer or other professional advisor as to the suitability for them of an investment in the Company.

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Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

STRATEGIC ENERGY RESOURCES LIMITED

ABN

14 051 212 429

Quarter ended ("current quarter")

31 MARCH 2011

Consolidated statement of cash flows

	Current quarter \$A'000	Year to date (9 months) \$A'000
Cash flows related to operating activities		
1.1 Receipts from product sales and related debtors	-	-
1.2 Payments for (a) exploration and evaluation	(316)	(576)
(b) development	-	-
(c) production	-	-
(d) administration	(149)	(541)
(e) bank guarantee	-	-
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	40	64
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other	-	-
Net Operating Cash Flows	(425)	(1,053)
Cash flows related to investing activities		
1.8 Payment for purchases of: (a)prospects	-	-
(b)equity investments	-	-
(c)other fixed assets	-	-
1.9 Proceeds from sale of: (a)prospects	-	927
(b)equity investments	-	-
(c)other fixed assets	-	-
1.10 Loans to other entities	-	-
1.11 Loans repaid by other entities	-	-
1.12 Other (provide details if material)	-	-
Net investing cash flows	-	927
1.13 Total operating and investing cash flows (carried forward)	(425)	(126)

+ See chapter 19 for defined terms.

Appendix 5B
Mining exploration entity quarterly report

1.13	Total operating and investing cash flows (brought forward)	(425)	(126)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	117	596
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	117	596
	Net increase (decrease) in cash held	(308)	470
1.20	Cash at beginning of quarter/year to date	1,826	1,048
1.21	Exchange rate adjustments to item 1.20	-	-
1.22	Cash at end of quarter	1,518	1,518

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	79
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Director's fees and executive salaries paid in relation to the March 2011 quarter.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

Nil

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

Nil

+ See chapter 19 for defined terms.

Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	-	-
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	90
4.2 Development	-
4.3 Production	-
4.4 Administration	150
Total	240

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	248	306
5.2 Deposits at call	1,270	1,520
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	-
Total: cash at end of quarter (item 1.22)	1,518	1,826

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1 Interests in mining tenements relinquished, reduced or lapsed	-	-	-	-
6.2 Interests in mining tenements acquired or increased	-	-	-	-

+ See chapter 19 for defined terms.

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

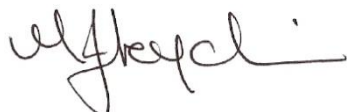
	Number issued	Number quoted	Par value (cents)	Paid-up value (cents)
7.1 Preference securities <i>(description)</i>				
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 +Ordinary securities	333,022,499	333,022,499		Fully paid
7.4 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions	2,400,000	2,400,000	\$0.050	\$120,000
7.5 +Convertible debt securities <i>(description)</i>				
7.6 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.7 Options <i>(description and conversion factor)</i>	5,600,000	-	<i>Exercise price</i> \$0.05	<i>Expiry date</i> 09/05/2013
	2,000,000	-	\$0.10	12/12/2012
	3,000,000	-	\$0.04	30/06/2014
	2,000,000	-	\$0.05	30/06/2014
	2,500,000	-	\$0.06	30/06/2014
	2,500,000	-	\$0.08	30/06/2014
7.8 Issued during quarter				
7.9 Exercised during quarter	2,400,000	-	\$0.05	
7.10 Cancelled during quarter				
7.11 Debentures <i>(totals only)</i>				
7.12 Unsecured notes <i>(totals only)</i>				

+ See chapter 19 for defined terms.

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Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Law or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Sign here:

Date: 13th April 2011

Print name: MELANIE LEYDIN

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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